

SENATE BILL No. 217

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-11-1; IC 6-2.3-6-7.

Synopsis: Accrual accounting for political subdivisions. Requires local units of government to use a full accrual method of budgeting, accounting, and financial reporting.

Effective: July 1, 2010.

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January 5, 2010, read first time and referred to Committee on Appropriations.

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Introduced

Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

SENATE BILL No. 217

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-11-1-2, AS AMENDED BY P.L.176-2009,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2010]: Sec. 2. The state board of accounts shall formulate,
4 prescribe, and install a system of **budgeting**, accounting, and reporting
5 in conformity with this chapter, which must comply with the following:

6 (1) Be uniform for every public office and every public account
7 of the same class and contain written standards that an entity that
8 is subject to audit must observe.

9 (2) Exhibit true accounts and detailed statements of funds
10 collected, received, obligated, and expended for or on account of
11 the public for any and every purpose whatever, and by all public
12 officers, employees, or other individuals.

13 (3) Show the receipt, use, and disposition of all public property
14 and the income, if any, derived from the property.

15 (4) Show all sources of public income and the amounts due and
16 received from each source.

17 (5) Show all receipts, vouchers, contracts, obligations, and other



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documents kept, or that may be required to be kept, to prove the validity of every transaction.

(6) For accounting periods beginning on or after January 1, 2015, use a full accrual method of budgeting, accounting, and reporting for all governmental and proprietary funds of every municipality and every local governmental unit, entity, or instrumentality. The state board of accounts shall prescribe standards for a full accrual method of budgeting, accounting, and reporting as soon as practicable after June 30, 2010, after consultation with the department of local government finance and, with respect to budgets, accounts, and reports of schools, the department of education. A municipality or local governmental unit, entity, or instrumentality may implement early adoption of the standards for an accounting period that begins before January 1, 2015. To implement a change in accounting method for a period before January 1, 2015, the fiscal body (as defined in IC 36-1-2-6) shall adopt an ordinance or resolution authorizing the change in method of accounting and send a certified copy of the ordinance or resolution to the state board of accounts, the department of local government finance, and, if the entity is a school corporation or a public holding company subject to IC 20-47-2, the department of education. A municipality or local governmental unit, entity, or instrumentality shall implement a full accrual method of budgeting, accounting, and reporting for accounting periods beginning after December 31, 2014, without adopting an ordinance or resolution.

The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which the statements and reports pertain. The state board of accounts shall approve all reports that are published or that are required to be filed in the office of state examiner. The state board of accounts shall from time to time make and enforce changes in the system and forms of accounting and reporting as necessary to conform to law.

SECTION 2. IC 5-11-1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 26. (a) If a state office, municipality, or other entity has authority to contract for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public work, the state board of accounts shall include in each examination report concerning the state office, municipality, or entity:

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(1) an opinion concerning whether the state office, municipality, or entity has complied with IC 5-16-8; and

(2) a brief description of each instance in which the state office, municipality, or entity has exercised its authority under IC 5-16-8-2(b) or IC 5-16-8-4.

(b) The state board of accounts may exercise any of its powers under this chapter concerning public accounts to carry out this section, including the power to require a uniform system of accounting or the use of forms prescribed by the state board of accounts. **The state board of accounts shall exercise its powers under this chapter to implement section 2(6) of this chapter.**

SECTION 3. IC 6-2.3-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 7. A taxpayer shall use either the cash or accrual method of accounting for purposes of determining the taxpayer's utility receipts tax liability. If a taxpayer uses either the cash or accrual method of accounting for federal tax purposes, the taxpayer must also use that same method in determining the taxpayer's utility receipts tax liability. **Subject to IC 5-11-1-2**, if a taxpayer does not use either the cash or accrual method of accounting for federal tax purposes, the taxpayer shall use the cash method in determining the taxpayer's utility receipts tax liability.

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